

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER- IV EXAMINATION – WINTER 2019****Subject Code: 3549201****Date: 28-11-2019****Subject Name: Business Ethics and Corporate Governance****Time: 02.30 PM to 5.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** Explain the following terms: **14**
- (a) Ethics
 - (b) Morals
 - (c) Values
 - (d) Normative Ethics
 - (e) Egoism
 - (f) Insider trading
 - (g) Terminal values
- Q.2** (a) Define business ethics? With the help of suitable examples discuss the major ethical issues that business faces today? **07**
- (b) Explain the Kohlberg's six-stage of moral development with the help of example. **07**
- OR**
- (b) Explain the role of SEBI in ensuring better corporate governance/ethical practices among listed companies in India? **07**
- Q.3** (a) What is ethical dilemma? Discuss the sources of ethical dilemma and method of resolving the same? **07**
- (b) Discuss how Sarbanes Oxley Act, 2002 has helped in reducing the occurrences of corporate fraud and failures in US? **07**
- OR**
- Q.3** (a) Explain why firms uses creative accounting and explain the strategies of creative accounting adopted by them. **07**
- (b) Draw and briefly explain Anglo-American and German Model of corporate governance and distinguish between them. **07**
- Q.4** (a) Define Ethical leadership? Explain different types of leadership? **07**
- (b) "Corporation having good corporate governance rating also failed". **07**
Discuss the relevance of Corporate Governance Rating (CGR) in the light of above statement.
- OR**
- Q.4** (a) What is whistle blowing? Explain different types of whistle blowing **07**
- (b) "Many business organizations feels that business and CSR are not complementing rather they are contradicting". Critically discuss the statement with the help of pros and cons of CSR in business? **07**

Q.5

CASE STUDY: www.FirstRanker.com**www.FirstRanker.com**

Ethics have become a valued business strategy, especially in competitive business environment where the brand image of a company is largely influenced by its ethical business practices. The corporate leader plays a vital role in building a brand equity of ethical firm.

Mr. R. Sinha a member of board of directors has been recently appointed as the chairperson of the remuneration committee of the Advance Research Chemicals Limited (ARCL) a company with annual turnover of 4000 Cr. Including foreign sales of 1500 Cr. Company ARCL is a listed company listed in BSE and NSE. Current share price of company share is Rs 1450 per share. Soon after taking the charge of remuneration committee Mr. Sinha while going through the old record and files, found that the company is engage in a practice of employing temporary workers for jobs that, in many cases, run throughout the year. Which is a wrong practice and against the labor laws. Mr. Sinha also found that the female workers including well educated and experience engineers are offered much lesser salaries than that of the other male engineers working on the same position with the similar experience. Mr. Sinha was shocked when he came across the documents where the independent directors were also discriminated. Since the independent directors have no occasion to interact with each other on the point of remuneration, company has many times discriminated under the garb of negotiation on the point of payment of the sitting fees.

Coming across such irregularities and mal-practices Mr. Sinha put up all the matter to the board members in the board meeting. The two board members Mr. Adarsh and Mr. Parth (Both real brothers) who have major stake (55%) in the company denied discussing the issue in the board meeting stating that it has not been properly documented and it is not the agenda of the meeting. They also told Mr. Sinha that “Business is Business” chemical industry is passing through very bad phase, competition is very tough and price war is too high therefore to stay in the market and to reduce the cost labors are employed on temporary basis and less paid females’ engineers are employed for in house research. There is nothing unethical in it all workers and engineers are working at their will no one has forced them to joined on the less salary or to work as temporary workers. They also threatened Mr. Sinha and told him to stay away from all these matter else be ready to face consequences. Mr. Sinha being man of ethics is now in dilemma that if he reveals all the facts to the government authorities than the reputation of company will be ruined and the share price will fall and there is every possibility that company will face heavy legal penalty along with the imprisonment to the directors and being one of the member of the board of directors he may also have to face the penalty and punishment. If he does not blow the whistle the discrimination and exploitation of worker will continue and in long run it will affect the brand image and the corporate image of ARCL.

- (a) Analyze the case and Discuss the role of board of directors in the given circumstances? **07**
- (b) Do you think blowing the whistle is the right approach in the given case please justify your answer in either case. **07**

OR

Q.5

- (a) Analyze the case and discuss the concept of Utilitarianism and Kantianism in the light of the facts given in the case. **07**
- (b) In the light of business ethics critically examine the justification given by Mr. Adarsh and Parth that “Business is Business” and nothing unethical, all worker joined the job at their will without any force. **07**
